

From 6 April 2026 all taxpayers with income from self-employment and/or property where, combined, these gross income sources are over £50,000 will need to comply with the new MTD for Income Tax rules. From 6 April 2027 the threshold for compliance will be reduced to £30,000 and it will be reduced further to £20,000 from 6 April 2028.

The need to be compliant from 6 April 2026 will be calculated based on the information on your tax return for the year to 5 April 2025. Compliance from 6 April 2027 will be calculated based on the information on your tax return for the year to 5 April 2026 and compliance from 6 April 2028 will be calculated based on the information on your tax return for the year to 5 April 2027.

What is going to change?

Digital Accounting Records

Those who are mandated into MTD for Income Tax will need to maintain digital accounting records in a software product or spreadsheet. Maintaining paper records will no longer meet the legislative requirements

Quarterly Reporting

Those who are mandated into MTD for Income Tax will also need to submit quarterly updates to HMRC and finalise their tax position after the end of the tax year. The quarterly updates will need to be submitted using a functional compatible software product that can access HMRC's application program interfaces (API) platform.

What does quarterly reporting look like?

Before April 2026 reporting of income tax to HMRC consists of one annual submission due either by 31st October if filing by paper or 31st January if filing online.

Reporting of income tax to HMRC for the tax year 5 April 2027 will consist of the following submissions:

Submission	Period	Submission Deadline
MTD for IT - Quarter 1	6 April 2026 to 5 July 2026	7 August 2026
MTD for IT - Quarter 2	6 July 2026 to 5 October 2026	7 November 2026
MTD for IT - Quarter 3	6 October 2026 to 5 January 2027	7 February 2027
MTD for IT - Quarter 4	6 January 2027 to 5 April 2027	7 May 2027
Final Declaration	6 April 2026 to 5 April 2027	31 January 2028

HMRC have issued guidance that taxpayers can chose to make a 'calendar quarters election'. This would result in the first quarter running from 1 April to 30 June, the second from 1 July to 30 September and so on. The submission deadline for filing quarterly updates would not be affected.

What isn't going to change?

MTD for Income Tax will **not** change:

- the underlying income tax rules (other than in relation to record keeping);
- the amount of detail submitted to HMRC which remains the same as the current self-assessment tax return (although more detailed records will need to be kept and updates will need to be submitted quarterly); or
- the current filing and payment deadlines for income tax.

MTD for Income Tax is currently not applicable to partnerships. HMRC have announced that it will be included in the future but have not yet given an indication as to when this will be.

Are there any exemptions?

As with MTD for VAT there are some limited exemptions. The exemption covers those that do not use computers for religious reasons and those that are unable to comply because of age, disability or location (or for any other reason).

As of today, HMRC have released limited guidance on how to apply for exemption but we anticipate more guidance will be announced closer to the start date.

Multiple businesses?

Separate quarterly updates will be required for each business. The MTD for Income Tax guidelines classify Income from UK property (including furnished holiday lets) as a single business, therefore, if you have rental income and self-employment income you will be required to submit eight quarterly updates a year. Similarly, if you have more than one self-employed trade a separate update is required for each trade.

Leaving MTD for Income Tax

The MTD for Income Tax regulations will allow individuals to stop complying with the requirements where their relevant turnover/gross income falls below the threshold or when the business ceases permanently. To avoid the possibility of taxpayers joining, exiting, and re-joining on a frequent basis as their turnover fluctuates, the requirements will cease to apply only when turnover/gross income falls below the threshold for three successive years. From April 2027 this threshold will be £30,000, and from April 2028 the threshold will be £20,000.

What do I need to do?

The most important advice we can give is for you to speak with us as soon as possible regarding the changes and how they will affect you, as well as letting us have your tax return information as early as possible in the tax year so you have plenty of time to plan. Unfortunately, we can't give one size fits all advice as everyone's circumstances are different.

Our team are here to help you through these changes as seamlessly as possible.